Illinois
Student
Assistance
Commission

Executive Summary

December 12, 2011

Dear Contract Holders:

Attached is the actuarial soundness report for the College Illinois Prepaid Tuition Program (CIPTP) for the period ending March 31, 2011. This is the first of many documents the Commission needs to review in order to evaluate the status of the program. The Commission ordered this special report on April 1, 2011, in order to address concerns about the program. This report is in addition to the annual actuarial report that is completed each year pursuant to state law.

This letter summarizes the major highlights of the report and also includes some potential actions that may be considered for the future.

- The findings in this report are premised on an actuarial rate of return of 7.5 %, a percentage that is consistent with applicable actuarial standards of practice, given the current asset allocation and liquidity requirements of the fund.

- The funded status of the $1.29 billion portfolio is 69.8%, a slight improvement from the 68.6% reported as of June 30, 2010. This is much stronger than any of the State's pension plans and many corporate pension plans.

- The unfunded status of $559.9 million is in- line with expectations from the previous actuarial study completed as of June 30, 2010, when the unfunded status was $531.3. The shortfall was caused by a reduction in the investment rate of return. However, this shortfall was almost entirely offset by investment returns/gains and tuition fee increases that were lower than anticipated.

- This report includes various business scenarios that project the program's funded status based on the number of contracts sold. It uses the 7.5% investment rate of return in its projections. The report notes that if the program attracts 3500 new contract sales a year, its funded status is projected to be 100% by year 2034. If the program sells 2500 contracts a year, its funded status is projected to grow to 88% by 2036. The program becomes unsustainable if contract sales fall below 1,000 or less. Please note that the average number of contract sales between 1999 and 2010 was 5700, substantially more than what is required in these projections to significantly increase the funded status.

1755 Lake Cook Road
Deerfield, IL 60015-5209 | 500 West Monroe
Springfield, IL 62704-1876 | 100 West Randolph Suite 3-200
Chicago, IL 60601-3219

- ISAC's executive staff is already researching various options to improve the funded status of the program. ISAC's staff, in conjunction with professional consultants, intends to draft a set of options and potential recommendations to present to the Commission. These recommendations will be based on the expertise of the Commission's professional financial team, the advice of its professional consultants, and research on the factors that lead to successful and unsuccessful prepaid tuition programs in other states. Moreover, the proposed recommendations will also incorporate the advice of financial professionals regarding the structure and makeup of the CIPTP portfolio.

- Once the Commission approves a proposed course of action, its recommendations will be presented to the Governor, the General Assembly, and other stakeholders, including contract holders and colleges and universities with the intention that everyone sit at the same table and work together to craft a framework for the future of the program. Proposed recommendations may include, but would not be limited to, the following: 1) changes in legislation; 2) limitations on tuition increases (caps); 3) premium reductions; and/or 4) some risk sharing between contract holders, the State, and colleges and universities.

As we all share a passion for education, we hope that you find the attached information helpful. We look forward to working on your behalf to promote the sustainability of the College Illinois Prepaid Tuition Program in the years ahead.

Sincerely,

John Sinsheimer
Interim Executive Director, ISAC

Kym Hubbard
Chairman, ISAC

Gabriel Roeder Smith & Company
Consultants & Actuaries

COLLEGE ILLINOIS!® PREPAID TUITION PROGRAM
ACTUARIAL SOUNDNESS VALUATION REPORT
AS OF MARCH 31, 2011

GRS Gabriel Roeder Smith & Company
Consultants & Actuaries
20 North Clark Street
Suite 2400
Chicago, IL 60602-5111
312.456.9800 phone
312.456.9801 fax
www.gabrielroeder.com

December 6, 2011

Ms. Kym M. Hubbard, Chair
Mr. John Sinsheimer, Interim Executive Director
Illinois Student Assistance Commission
James R. Thompson Center 100 W. Randolph, Suite 3-200
Chicago, IL 60601-3293

Re: College Illinois!® Prepaid Tuition Program Actuarial Valuation as of March 31, 2011

Dear Ms. Hubbard and Mr. Sinsheimer:

In accordance with the April 1, 2011 Resolution of Illinois Student Assistance Commission ("ISAC"), Gabriel, Roeder, Smith & Company ("GRS") has performed an actuarial soundness valuation of the College College Illinois!® Prepaid Tuition Program ("CIPTP") as of March 31, 2011. The purpose of this actuarial valuation is to evaluate the financial viability of the program as of March 31, 2011.

This report presents the principal results of the actuarial valuation of the CIPTP including the following:

- A comparison of the actuarial present value of the obligations for prepaid tuition contracts purchased through March 31, 2011 with the value of the assets associated with the program as of that same date;
- An analysis of the factors which caused the deficit/surplus to change since the prior actuarial valuation; and
- A summary of the actuarial assumptions and methods utilized in the actuarial calculations.

This report was prepared at the request of the Illinois Student Assistance Commission and is intended for use by the Commission and those designated or approved by the Commission. This report may be provided to parties other than the Commission only in its entirety and only with the permission of the Commission. This report should not be relied on for any purpose other than the purpose described above.

The valuation results set forth in this report are based upon data and information, furnished by ISAC, concerning program benefits, financial transactions, and beneficiaries of the CIPTP. We reviewed this information for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Illinois Student Assistance Commission. Further, the data and information provided is through March 31, 2011, and do not reflect subsequent market volatility.

The valuation results summarized in this report involve actuarial calculations that require assumptions about future events. The major actuarial assumptions used in this analysis were provided by and are the responsibility of ISAC. We are unable to judge the reasonableness of some of these assumptions without performing a substantial amount of additional work beyond the scope of the assignment.

Given the current asset allocation and liquidity requirements, the net investment rate of return assumption of 7.50 percent, appears to be consistent with applicable Actuarial Standards of Practice.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. We have performed an analysis of the sensitivity of certain changes in future assumptions.

We believe that the actuarial methods used in this report are reasonable and appropriate for the purpose for which they have been used. In addition, because it is not possible or practical to consider every possible contingency, we may use summary information, estimates or simplifications of calculations to facilitate the modeling of future events. We may also exclude factors or data that are deemed to be immaterial.

To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the College Illinois!® Prepaid Tuition Program as of March 31, 2011. All calculations have been made in conformity with generally accepted actuarial principles and practices commonly applicable to similar types of arrangements.

The undersigned are members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

The signing actuaries are independent of the ISAC.

Respectfully submitted,

Gabriel, Roeder, Smith and Company

Alex Rivera

Alex Rivera, FSA, EA, MAAA
Senior Consultant

Lance J. Weiss

Lance J. Weiss, EA, MAAA, FCA
Senior Consultant

Table of Contents

SECTION A

EXECUTIVE SUMMARY

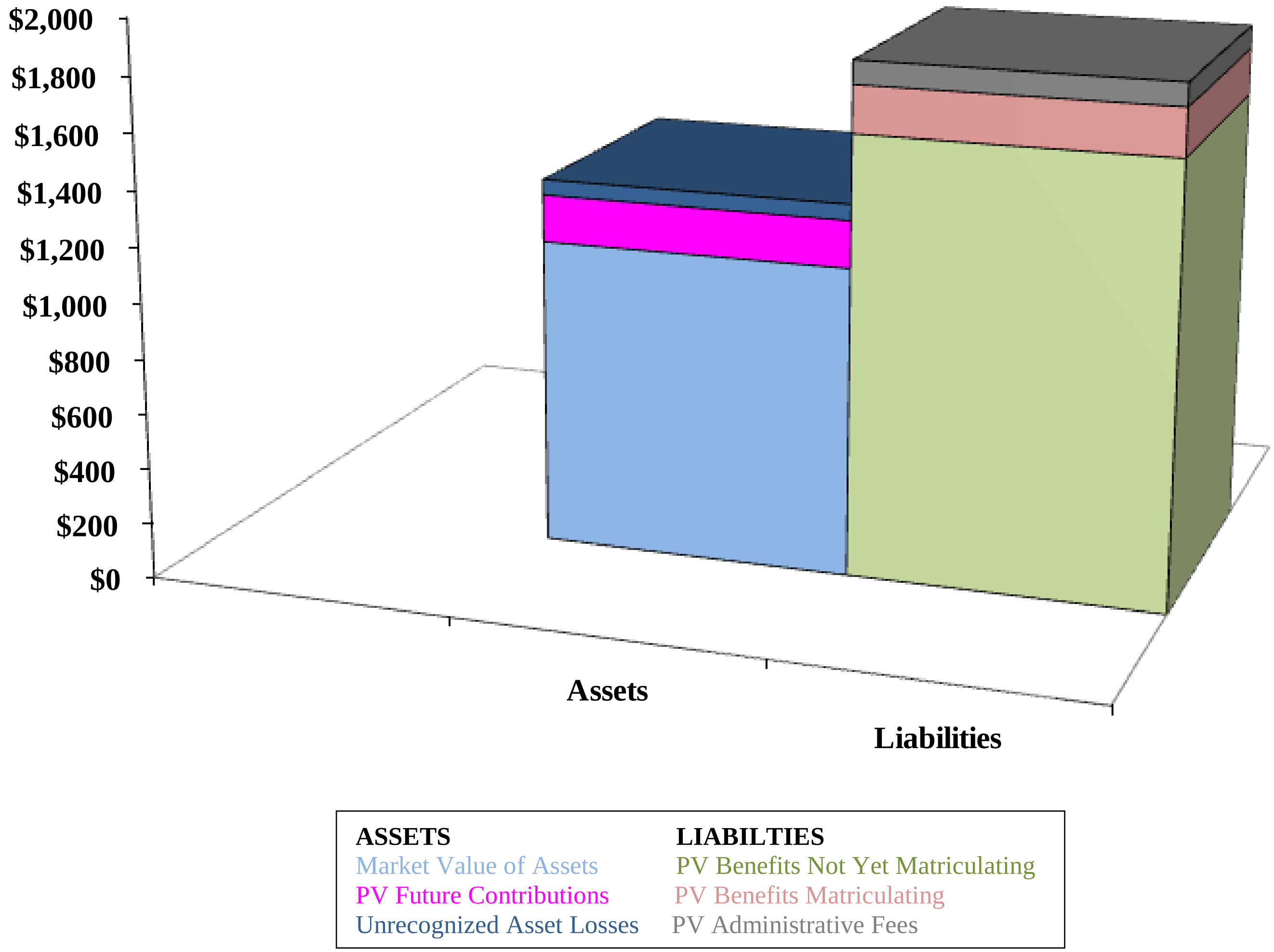
SUMMARY OF RESULTS

Principal Valuation Results

Valuation Date:	March 31, 2011
Membership Summary:	
Counts	
Not yet Matriculating	45,263
Matriculating	9,012
Total	54,275
Average years until Enrollment if Not yet Matriculating	6.3
Assets [1]	
· Market Value of Assets (MVA)	$1,291,215,294
· Actuarial Value of Assets (AVA)	$1,348,019,565
· Estimated Return on MVA	20.19%
· Estimated Return on AVA	0.90%
· Ratio – AVA to MVA	104.40%
Actuarial Liabilities (Present Value of Future Tuition Payments, Fees, and Administrative Expenses)	$1,851,120,398
Unfunded Liabilities (Based on Actuarial Value of Assets)	$503,100,832
Unfunded Liabilities (Based on Market Value of Assets)	$559,905,103
Funded Ratio	
· Based on Actuarial Value	72.8%
· Based on Market Value	69.8%

[1] *Asset values include present value of expected future contributions from current members.*

Summary of Assets and Liabilities as of March 31, 2011
$ in Millions



Funded Status as of March 31, 2011 (Based on Market Value of Assets)

	March 31, 2011
Actuarial Present Value of Future Tuition Payments, Fees and Expenses	$1,851,120,398
Market Value of Assets (Including the Present Value of Installment Contract Receivables)	$1,291,215,294
Deficit/(Surplus) as of March 31, 2011	$559,905,103

Funded Status as of March 31, 2011 (Based on Actuarial Value of Assets)

	March 31, 2011
Actuarial Present Value of Future Tuition Payments, Fees and Expenses	$1,851,120,398
Actuarial Value of Assets (Including the Present Value of Installment Contract Receivables)	$1,348,019,565
Deficit/(Surplus) as of March 31, 2011	$503,100,832

Gain/Loss Summary

	Unfunded Liability (Market Value of Assets)
Values at June 30, 2010	$531,271,895
Projected Values at March 31, 2011	556,453,700
(Gain)/Loss Due to:	
Investment Experience	-83,866,496
Change in Assumptions	114,882,637
Tuition/Fee Inflation and Other	-27,564,737
Total	3,451,404
Actual Values at March 31, 2011	$559,905,103

DISCUSSION

Actuarial Valuation

In accordance with the April 1, 2011 Resolution of Illinois Student Assistance Commission ("ISAC"), Gabriel, Roeder, Smith & Company ("GRS") has performed an actuarial soundness valuation of the College College Illinois!® Prepaid Tuition Program ("CIPTP") as of March 31, 2011.

The primary purposes of the actuarial soundness valuation are to:

- determine the actuarial present value of the obligations for prepaid tuition contracts purchased through March 31, 2011 and compare such liabilities with the value of the assets associated with the program as of that same date; and
- analyze the factors which caused the deficit/surplus to change since the prior actuarial valuation.

This report summarizes those results and also presents the results of a continuing business model. Finally the report also presents the impact of variances in the rate of tuition and fee increases as well as the rate of investment return on assets.

In addition, the report provides summaries of the member data, financial data, plan provisions, and actuarial assumptions and methods.

Background

Legislation authorizing ISAC to administer an Illinois Prepaid Tuition Program was passed in November 1997. The purpose of the program is to provide Illinois families with an affordable tax-advantaged method to pay for college. CIPTP is open to all Illinois residents and non-Illinois residents purchasing for Illinois-resident beneficiaries. CIPTP contracts may allow participants to prepay the cost of tuition and mandatory fees at Illinois public universities and community colleges at expected projected costs, which may be more stable than actual future costs.

Benefits of the program can also be used at private and out-of-state colleges and universities. Contracts can be purchased in a lump sum or in installments. As a Section 529 plan, CIPTP earnings are 100 percent exempt from state and federal income taxes.

The first CIPTP contracts were offered for sale in 1998. As of March 31, 2011, the CIPTP had 54,275 contracts in force.

Actuarial Assumptions

The valuation results summarized in this report involve actuarial calculations that require assumptions about future events. The major actuarial assumptions used in this analysis were provided by and are the responsibility of ISAC.

The following table summarizes the key actuarial assumptions used in the March 31, 2011 actuarial valuations and the comparable assumptions used in the prior June 30, 2010 actuarial valuation.

Key Actuarial Assumptions – Changes Since Prior Valuation

Assumption	March 31, 2011	June 30, 2010
Net investment return assumption (net of investment expense load of 35 basis points)	**7.5%**	**8.9% in 2011 and 8.4% in future years**
Future New Contract Sales	**2,500 new contracts sold per year**	**3,500 new contracts sold in 2011, increasing by 500 per year capped at 15,000**

The net investment return assumption of 7.5 percent was provided to us by ISAC. Given the current asset allocation and expected liquidity requirements, the net investment rate of return assumption of 7.50 percent appears to be a reasonable assumption consistent with applicable Actuarial Standards of Practice.

The assumption regarding the number of new contracts sold per year (2,500) is used for the ongoing business scenario and was based on the average number of contracts actually sold over the prior three years (3,674 in 2008, 3,051 in 2009, and 686 in 2010). However, because the number of new contracts sold per year has been decreasing over the most recent three year period, we have also performed an analysis of the sensitivity of changing this assumption to 1,000 or 500 new contracts sold per year, and maintaining the assumption at 3,500 new contracts sold per year (the prior year assumption).

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. We have performed an analysis of the sensitivity of certain changes in future assumptions

Financial Status of Program as of March 31, 2011

As of March 31, 2011, the present value of all future tuition obligations under contracts outstanding (and including future administrative expenses) at that date is $1,851,120,398. Fund assets as of March 31, 2011, including the actuarial value of program assets and the present value of installment contract receivables, is $1,348,019,565. Fund assets, including the market value of program assets and the present value of installment contract receivables, is $1,291,215,294.

The difference between the present value of future tuition obligations and the value of assets as of March 31, 2011, represents a program deficit of $503,100,832 on an actuarial value of assets basis, and $559,905,103 on a market value of assets basis. The comparable program deficit as of the last valuation as of June 30, 2010, was $340,875,271 on an actuarial value of assets basis, and $531,271,895 on a market value of assets basis.

The following table summarizes the deficit of the CIPTP as of March 31, 2011 with comparable values from the prior actuarial valuation as of June 30, 2010.

CIPTP Deficit (Unfunded Liabilities)

Deficit based on:	March 31, 2011	June 30, 2010
Actuarial Value of Assets	$503,100,832	$340,875,271
Market Value of Assets	$559,905,103	$531,271,895

Gain/Loss Analysis

As described above, the program deficit increased from $531.3 million as of June 30, 2010 to $559.9 million as of March 31, 2011 based on the market value of assets. Based on the actuarial assumptions, the deficit was expected to increase to $556.5 million. The primary factors which caused the expected deficit to increase by $3.4 million are the change in the net investment return assumption which increased the shortfall by $115.6 million, which was almost entirely offset by investment gains and tuition and fee increases less than expected.

Benefit Provisions

The basic terms and conditions of the College Illinois!® Prepaid Tuition Program (the "Program") are included in the Illinois Prepaid Tuition Act, 110 ILCS 979 (the "Act") and ISAC Administrative Rules (23 Ill. Adm. Code 2775, et. seq.) ("ISAC Rules").

We understand there were no changes in the program provisions since the last actuarial valuation as of June 30, 2010.

Assets

CIPTP assets are held in trust. ISAC provided the asset information used in the March 31, 2011 actuarial valuation.

This report contains several exhibits summarizing the plan's assets, including a summary of the market value of assets broken down by asset category, a reconciliation of the assets from the last valuation date to the current valuation date and a development of the actuarial value of assets.

The actuarial value of assets is a smoothed market value. A smoothed value is used in order to dampen some of the year-to-year fluctuations in the deficit/surplus which occurs due to year to year fluctuations in market value. The smoothing method used phases in differences between the actual and expected market returns over five years.

The actuarial value is currently 104.5 percent of the market value. Over any short time period, a disparity between actuarial value and market value may appear, but in the long-run, we would expect the actuarial value and the market value to continue to track each other fairly closely. As of March 31, 2011, the plan has $56,804,271 in deferred asset losses (the difference between the market and actuarial values) that will be recognized over the next four valuations. The investment return rate on market value was 20.2 percent, while it was 0.9 percent on actuarial value.

Open Group Ongoing Business Scenario

Exhibits III, IV, V, and VI present the results of an open group scenario assuming the sale of additional new contracts.

Exhibit III illustrates the program results based on an investment return assumption of 7.5 percent and an assumption of 3,500 new contract sales each year. Under this new contract sales assumption, the CIPTP is projected to have a funded status of 100 percent in 23 years by 2034.

Exhibit IV illustrates the program results based on an investment return assumption of 7.5 percent and an assumption of 2,500 new contract sales each year. Under this moderate new contract sales assumption, the CIPTP funded status is projected to gradually improve from 69 percent as of June 30, 2011 to 88 percent in 25 years.

Finally, Exhibits V and VI illustrate the program results based on an investment return assumption of 7.5 percent and an assumption of 1,000 and 500 new contract sales each year. Under these more conservative new contract sales assumptions, member payments, fund principal and investment income are projected to be insufficient to make the required tuition payments and additional funds will be required for a period of time.

The level of contribution premium over the expected costs can significantly impact the future sales assumption and we recommend a thorough review. The projection scenarios are for illustrative purposes only and do not consider how increases in the member's required contribution can impact future sales.[a]

Closed Group (Run-Off) Scenario

While the closing of the program has not occurred, in Exhibit VII, we have provided a closed group projection for illustration purposes (i.e., run off scenario) assuming no new contract sales after March 31, 2011. Under this scenario, member payments, fund principal and investment income are projected to be insufficient to make the required tuition payments by the year 2022 and additional funds will be required to maintain solvency ($1.6 billion for the period 2022 to 2036). Under this scenario, the shortfall is expected to grow from the current level of $560 million until it reaches a high of $1.2 billion by 2022.

[a]*This report is not a recommendation to anyone to participate in the CIPTP. GRS makes no representations or warranties to any person participating in or considering participation in the CIPTP. Current and future participants should be aware that the promises of the CIPTP will only be met if the assets of the CIPTP are sufficient to pay its obligations.*

SECTION B

VALUATION RESULTS

Exhibit I
Principal Valuation Results

		March 31, 2011	June 30, 2010[a]
1	Number of Members		
	a. Not yet Matriculating:	45,263	
	b. Matriculating:	9,012	
	c. Total	54,275	54,900
	Average Years until Enrollment if Not Yet Matriculating	6.3	
2	Assets		
	a. Market Value of Assets (in Trust)	$ 1,120,006,463	$ 986,428,308
	b. PV Future Member Contributions	171,208,831	173,526,170
	c. Unrecognized Gains and (Losses)	(56,804,271)	(190,396,624)
	d. Total Actuarial Value of Assets (AVA)	$ 1,348,019,565	$ 1,350,351,102
3	Actuarial Results		
	Liabilities		
	a. Not yet Matriculating - Tuition and Fees	$ 1,595,468,523	
	b. Matriculating - Tuition and Fees	171,906,076	
	c. Present Value of Future Administrative Expenses	83,745,799	
	d. Total	$ 1,851,120,398	$ 1,691,226,373
	Unfunded Liability (Based on AVA)	$ 503,100,832	$ 340,875,271
	Unfunded Liability (Based on MVA)	$ 559,905,103	$ 531,271,895
	Funded Ratio		
	Actuarial Value of Assets	72.8%	79.8%
	Market Value of Assets	69.8%	68.6%

[a] Based on report of the prior actuary

Exhibit II
Gain/Loss Summary

	Present Value of Benefits	Market Value of Assets	Unfunded Liability (Market Value of Assets)
Values at June 30, 2010	$1,691,226,373	$1,159,954,478	$531,271,895
Projected Values at March 31, 2011	$1,760,460,642	$1,204,006,942	$556,453,700
(Gain)/Loss Due to:			
Investment Experience	0	83,866,496	-83,866,496
Change in Assumptions	118,224,493	3,341,856	114,882,637
Tuition/Fee Inflation and Other	-27,564,737	0	-27,564,737
Total	$90,659,756	$87,208,352	$3,451,404
Actual Values at March 31, 2011	$1,851,120,398	$1,291,215,294	$559,905,103

Exhibit III
Continuing Business Model – Current Year Assumptions – New Contract Sales of 3,500 Per Year

Open Group Projections (Continuing Business Scenario)
Projection Based on Data as of March 31, 2011
Assumptions Based on Those Used in Actuarial Valuation as of March 31, 2011
7.50% Assumed Net Investment Return
3,500 New Contracts Per Year

			Assets								Liabilities				
Year Ending 3/31	Assumed Net Rate of Return	Annual New Contracts	Contributions	Additional Required Solvency Contributions	Tuition Payments and Fees	Administrative Expenses	Net Investment Return	Market Value of Assets (EOY)	Total Present Value of Future Contributions	Total Fund Assets (MVA + PVFC)	Total Present Value of Future Benefits	Present Value of Future Admin Expenses	Total Present Value of Future Benefits, Fees, and Expenses	Unfunded Liability	Funded Ratio
2011[1]			56,901,797	0	62,290,779	5,918,918	145,024,864	1,120,006,463	171,208,831	1,291,215,294	1,767,374,599	99,856,665	1,867,231,264	576,015,969	69.2%
2012	7.50%	3,500	68,627,283	0	130,117,294	7,953,186	81,396,365	1,131,959,631	235,336,800	1,367,296,431	1,855,926,348	104,859,839	1,960,786,187	593,489,756	69.7%
2013	7.50%	3,500	110,876,755	0	131,587,041	8,351,669	83,807,149	1,186,704,825	269,864,325	1,456,569,150	1,956,634,919	110,549,873	2,067,184,792	610,615,642	70.5%
2014	7.50%	3,500	119,690,109	0	139,374,930	8,804,857	87,934,499	1,246,149,646	308,128,077	1,554,277,723	2,064,426,143	116,640,077	2,181,066,220	626,788,497	71.3%
2015	7.50%	3,500	130,395,379	0	144,022,590	9,289,918	92,601,831	1,315,834,348	349,269,049	1,665,103,397	2,183,700,550	123,379,081	2,307,079,631	641,976,234	72.2%
2016	7.50%	3,500	144,251,396	0	164,485,407	9,826,652	97,560,301	1,383,333,986	391,051,642	1,774,385,628	2,299,526,865	129,923,268	2,429,450,133	655,064,505	73.0%
2017	7.50%	3,500	161,129,828	0	187,399,204	10,347,871	102,376,902	1,449,093,641	431,366,059	1,880,459,700	2,409,836,430	136,155,758	2,545,992,188	665,532,488	73.9%
2018	7.50%	3,500	175,212,006	0	207,058,017	10,844,264	107,081,138	1,513,484,504	474,006,802	1,987,491,306	2,518,340,378	142,286,231	2,660,626,609	673,135,304	74.7%
2019	7.50%	3,500	189,999,933	0	222,110,147	11,332,532	111,882,235	1,581,923,993	519,476,244	2,101,400,237	2,630,469,969	148,621,553	2,779,091,522	677,691,286	75.6%
2020	7.50%	3,500	206,333,198	0	234,446,666	11,837,115	117,146,153	1,659,119,563	567,532,341	2,226,651,904	2,750,168,160	155,384,501	2,905,552,661	678,900,758	76.6%
2021	7.50%	3,500	225,168,117	0	247,144,522	12,375,757	123,145,761	1,747,913,162	617,070,181	2,364,983,343	2,878,586,583	162,640,142	3,041,226,725	676,243,382	77.8%
2022	7.50%	3,500	246,328,761	0	256,520,488	12,953,640	130,225,536	1,854,993,331	667,167,344	2,522,160,675	3,020,851,275	170,678,097	3,191,529,372	669,368,697	79.0%
2023	7.50%	3,500	265,899,706	0	267,002,916	13,593,831	138,573,361	1,978,869,651	720,916,500	2,699,786,151	3,177,889,087	179,550,733	3,357,439,820	657,653,670	80.4%
2024	7.50%	3,500	286,678,567	0	276,503,400	14,300,501	148,260,524	2,123,004,841	779,006,912	2,902,011,753	3,353,062,290	189,448,019	3,542,510,309	640,498,557	81.9%
2025	7.50%	3,500	309,233,627	0	285,230,750	15,088,780	159,559,642	2,291,478,580	841,443,913	3,132,922,493	3,549,659,363	200,555,754	3,750,215,117	617,292,624	83.5%
2026	7.50%	3,500	333,997,115	0	290,341,654	15,973,467	172,898,968	2,492,059,542	908,363,703	3,400,423,245	3,774,599,022	213,264,845	3,987,863,867	587,440,622	85.3%
2027	7.50%	3,500	361,350,669	0	294,315,963	16,985,696	188,781,304	2,730,889,856	979,163,381	3,710,053,237	4,032,480,158	227,835,129	4,260,315,287	550,262,050	87.1%
2028	7.50%	3,500	389,486,665	0	300,079,261	18,146,161	207,489,036	3,009,640,135	1,055,520,526	4,065,160,661	4,325,541,958	244,393,121	4,569,935,079	504,774,418	89.0%
2029	7.50%	3,500	419,858,442	0	308,142,962	19,464,939	229,182,405	3,331,073,081	1,137,834,405	4,468,907,486	4,655,734,397	263,048,993	4,918,783,390	449,875,905	90.9%
2030	7.50%	3,500	452,599,694	0	322,467,533	20,950,805	253,924,782	3,694,179,219	1,226,587,821	4,920,767,040	5,021,179,377	283,696,635	5,304,876,012	384,108,972	92.8%
2031	7.50%	3,500	487,911,587	0	345,249,792	22,595,307	281,565,935	4,095,811,642	1,322,341,828	5,418,153,470	5,417,769,047	306,103,951	5,723,872,998	305,719,528	94.7%
2032	7.50%	3,500	526,019,954	0	371,530,591	24,379,961	312,064,976	4,537,986,020	1,425,332,374	5,963,318,394	5,846,149,841	330,307,466	6,176,457,307	213,138,913	96.5%
2033	7.50%	3,500	566,938,065	0	401,687,328	26,307,674	345,559,316	5,022,488,399	1,536,637,297	6,559,125,696	6,307,247,349	356,359,475	6,663,606,824	104,481,128	98.4%
2034	7.50%	3,500	611,263,107	0	434,525,200	28,382,613	382,249,953	5,553,093,646	1,656,537,732	7,209,631,378	6,803,106,907	384,375,540	7,187,482,447	-22,148,931	100.3%
2035	7.50%	3,500	658,954,408	0	469,680,271	30,613,981	422,431,779	6,134,185,581	1,785,709,240	7,919,894,821	7,336,550,010	414,515,076	7,751,065,086	-168,829,736	102.2%
2036	7.50%	3,500	710,316,668	0	506,939,766	33,014,475	466,452,510	6,771,000,518	1,924,980,250	8,695,980,768	7,911,139,643	446,979,390	8,358,119,033	-337,861,735	104.0%

[1] *Cash flows for 2011 are based on a nine month period.*

Exhibit IV
Continuing Business Model – Current Year Assumptions – New Contract Sales of 2,500 Per Year

Open Group Projections (Continuing Business Scenario)
Projection Based on Data as of March 31, 2011
Assumptions Based on Those Used in Actuarial Valuation as of March 31, 2011
7.50% Assumed Net Investment Return
2,500 New Contracts Per Year

			Assets								Liabilities				
Year Ending 3/31	Assumed Net Rate of Return	Annual New Contracts	Contributions	Additional Required Solvency Contributions	Tuition Payments and Fees	Administrative Expenses	Net Investment Return	Market Value of Assets (EOY)	Total Present Value of Future Contributions	Total Fund Assets (MVA + PVFC)	Total Present Value of Future Benefits	Present Value of Future Admin Expenses	Total Present Value of Future Benefits, Fees, and Expenses	Unfunded Liability	Funded Ratio
2011[1]			56,901,797	0	62,290,779	5,918,918	145,024,864	1,120,006,463	171,208,831	1,291,215,294	1,767,374,599	97,205,603	1,864,580,202	573,364,908	69.2%
2012	7.50%	2,500	68,627,283	0	130,117,294	7,953,186	81,396,365	1,131,959,631	200,357,343	1,332,316,974	1,829,940,002	100,646,700	1,930,586,702	598,269,728	69.0%
2013	7.50%	2,500	88,703,610	0	131,576,350	8,234,730	82,980,442	1,163,832,603	217,563,622	1,381,396,225	1,900,684,519	104,537,649	2,005,222,168	623,825,942	68.9%
2014	7.50%	2,500	92,923,346	0	139,052,067	8,553,080	85,236,878	1,194,387,680	239,061,544	1,433,449,224	1,974,426,351	108,593,449	2,083,019,800	649,570,577	68.8%
2015	7.50%	2,500	98,737,497	0	143,331,375	8,884,919	87,573,621	1,228,482,504	264,084,607	1,492,567,111	2,055,126,562	113,031,961	2,168,158,523	675,591,412	68.8%
2016	7.50%	2,500	107,334,935	0	162,891,795	9,248,070	89,706,003	1,253,383,577	290,537,178	1,543,920,755	2,127,854,672	117,032,007	2,244,886,679	700,965,924	68.8%
2017	7.50%	2,500	118,548,125	0	184,713,957	9,575,346	91,163,474	1,268,805,873	316,595,620	1,585,401,493	2,190,254,793	120,464,014	2,310,718,807	725,317,314	68.6%
2018	7.50%	2,500	128,035,633	0	202,999,823	9,856,147	91,979,678	1,275,965,214	344,707,976	1,620,673,190	2,245,734,172	123,515,379	2,369,249,551	748,576,361	68.4%
2019	7.50%	2,500	137,865,428	0	216,195,439	10,105,804	92,381,048	1,279,910,447	375,411,186	1,655,321,633	2,299,604,091	126,478,225	2,426,082,316	770,760,683	68.2%
2020	7.50%	2,500	148,856,498	0	226,430,548	10,348,218	92,696,198	1,284,684,377	408,527,658	1,693,212,035	2,355,434,668	129,548,907	2,484,983,575	791,771,540	68.1%
2021	7.50%	2,500	161,955,045	0	236,515,428	10,599,456	93,157,834	1,292,682,372	443,000,009	1,735,682,381	2,414,230,180	132,782,660	2,547,012,840	811,330,459	68.1%
2022	7.50%	2,500	176,952,765	0	243,130,963	10,864,036	94,062,094	1,309,702,232	477,907,033	1,787,609,265	2,480,517,480	136,428,461	2,616,945,941	829,336,676	68.3%
2023	7.50%	2,500	190,710,945	0	250,039,871	11,162,329	95,584,245	1,334,795,222	515,606,245	1,850,401,467	2,555,322,789	140,542,753	2,695,865,542	845,464,075	68.6%
2024	7.50%	2,500	205,261,075	0	255,263,756	11,498,953	97,803,330	1,371,096,918	556,601,108	1,927,698,026	2,641,859,778	145,302,288	2,787,162,066	859,464,040	69.2%
2025	7.50%	2,500	221,040,648	0	258,926,816	11,888,369	100,965,724	1,422,288,105	601,132,717	2,023,420,822	2,743,567,843	150,896,231	2,894,464,074	871,043,252	69.9%
2026	7.50%	2,500	238,647,989	0	258,482,847	12,346,055	105,464,824	1,495,572,016	648,732,975	2,144,304,991	2,866,709,834	157,669,041	3,024,378,875	880,073,884	70.9%
2027	7.50%	2,500	258,033,309	0	256,123,920	12,900,194	111,755,746	1,596,336,957	699,414,879	2,295,751,836	3,016,086,231	165,884,743	3,181,970,974	886,219,137	72.1%
2028	7.50%	2,500	278,225,690	0	254,408,761	13,572,388	120,109,442	1,726,690,940	753,936,182	2,480,627,122	3,194,004,474	175,670,246	3,369,674,720	889,047,598	73.6%
2029	7.50%	2,500	299,897,415	0	253,457,533	14,373,020	130,704,328	1,889,462,130	812,719,749	2,702,181,879	3,403,044,833	187,167,466	3,590,212,299	888,030,420	75.3%
2030	7.50%	2,500	323,276,678	0	256,440,638	15,313,702	143,641,747	2,084,626,215	876,170,424	2,960,796,639	3,642,824,803	200,355,364	3,843,180,167	882,383,528	77.0%
2031	7.50%	2,500	348,533,285	0	266,276,711	16,392,712	158,816,861	2,309,306,938	944,489,181	3,253,796,119	3,909,864,046	215,042,523	4,124,906,569	871,110,450	78.9%
2032	7.50%	2,500	375,698,398	0	279,748,377	17,594,388	176,136,357	2,563,798,928	1,018,250,210	3,582,049,138	4,204,060,400	231,223,322	4,435,283,722	853,234,584	80.8%
2033	7.50%	2,500	405,060,157	0	297,235,748	18,918,272	195,618,900	2,848,323,965	1,097,538,235	3,945,862,200	4,524,736,116	248,860,486	4,773,596,602	827,734,402	82.7%
2034	7.50%	2,500	436,552,258	0	317,719,868	20,361,313	217,316,963	3,164,112,005	1,183,269,353	4,347,381,358	4,872,782,936	268,003,061	5,140,785,997	793,404,640	84.6%
2035	7.50%	2,500	470,700,765	0	340,708,459	21,927,523	241,360,830	3,513,537,618	1,275,368,824	4,788,906,442	5,249,288,602	288,710,873	5,537,999,475	749,093,033	86.5%
2036	7.50%	2,500	507,275,919	0	365,749,179	23,621,799	267,936,757	3,899,379,316	1,374,994,077	5,274,373,393	5,656,632,784	311,114,803	5,967,747,587	693,374,194	88.4%

[1] *Cash flows for 2011 are based on a nine month period.*

Exhibit V
Continuing Business Model – Current Year Assumptions – New Contract Sales of 1,000 Per Year

Open Group Projections (Continuing Business Scenario)
Projection Based on Data as of March 31, 2011
Assumptions Based on Those Used in Actuarial Valuation as of March 31, 2011
7.50% Assumed Net Investment Return
1,000 New Contracts Per Year

			Assets								Liabilities				
Year Ending 3/31	Assumed Net Rate of Return	Annual New Contracts	Contributions	Additional Required Solvency Contributions[2]	Tuition Payments and Fees	Administrative Expenses	Net Investment Return	Market Value of Assets (EOY)	Total Present Value of Future Contributions	Total Fund Assets (MVA + PVFC)	Total Present Value of Future Benefits	Present Value of Future Admin Expenses	Total Present Value of Future Benefits, Fees, and Expenses	Unfunded Liability	Funded Ratio
2011[1]			56,901,797	0	62,290,779	5,918,918	145,024,864	1,120,006,463	171,208,831	1,291,215,294	1,767,374,600	92,787,167	1,860,161,767	568,946,472	69.4%
2012	7.50%	1,000	68,627,283	0	130,117,294	7,953,186	81,396,365	1,131,959,631	147,888,157	1,279,847,788	1,790,960,483	94,025,425	1,884,985,908	605,138,120	67.9%
2013	7.50%	1,000	55,443,893	0	131,560,313	8,059,322	81,740,382	1,129,524,271	139,131,422	1,268,655,693	1,816,772,924	95,380,579	1,912,153,503	643,497,809	66.3%
2014	7.50%	1,000	52,785,152	0	138,567,777	8,175,478	81,190,891	1,116,757,059	135,449,549	1,252,206,608	1,839,426,819	96,569,908	1,935,996,727	683,790,119	64.7%
2015	7.50%	1,000	51,239,503	0	142,294,714	8,277,421	80,031,806	1,097,456,233	136,262,618	1,233,718,851	1,862,233,024	97,767,234	1,960,000,258	726,281,407	62.9%
2016	7.50%	1,000	51,932,352	0	160,501,371	8,380,049	77,923,627	1,058,430,792	139,863,181	1,198,293,973	1,870,398,650	98,195,929	1,968,594,579	770,300,606	60.9%
2017	7.50%	1,000	54,746,339	0	180,685,993	8,416,794	74,343,943	998,418,287	144,448,205	1,142,866,492	1,860,921,327	97,698,370	1,958,619,697	815,753,204	58.4%
2018	7.50%	1,000	57,262,249	0	196,913,176	8,374,146	69,330,431	919,723,645	150,750,650	1,070,474,295	1,836,845,954	96,434,413	1,933,280,367	862,806,072	55.4%
2019	7.50%	1,000	59,649,668	0	207,323,321	8,265,807	63,131,544	826,915,729	159,286,676	986,202,405	1,803,304,453	94,673,484	1,897,977,937	911,775,532	52.0%
2020	7.50%	1,000	62,623,127	0	214,407,692	8,114,870	56,022,451	723,038,745	170,048,382	893,087,127	1,763,360,153	92,576,408	1,855,936,561	962,849,434	48.1%
2021	7.50%	1,000	67,160,279	0	220,572,476	7,935,121	48,177,381	609,868,808	181,899,811	791,768,619	1,717,723,274	90,180,472	1,807,903,746	1,016,135,127	43.8%
2022	7.50%	1,000	72,888,620	0	223,047,508	7,729,755	39,819,336	491,799,501	193,986,094	685,785,595	1,670,018,904	87,675,992	1,757,694,896	1,071,909,301	39.0%
2023	7.50%	1,000	77,905,193	0	224,596,396	7,515,085	31,102,227	368,695,440	207,594,136	576,289,576	1,621,446,655	85,125,949	1,706,572,604	1,130,283,028	33.8%
2024	7.50%	1,000	83,109,064	0	223,405,350	7,296,510	22,117,428	243,220,072	223,055,932	466,276,004	1,575,090,854	82,692,270	1,657,783,124	1,191,507,120	28.1%
2025	7.50%	1,000	88,803,056	0	219,472,377	7,087,909	13,075,609	118,538,451	240,498,424	359,036,875	1,534,331,356	80,552,396	1,614,883,752	1,255,846,877	22.2%
2026	7.50%	1,000	95,512,360	0	210,694,864	6,904,491	4,312,122	763,578	259,566,979	260,330,557	1,505,024,647	79,013,794	1,584,038,441	1,323,707,884	16.4%
2027	7.50%	1,000	103,260,873	101,555,957	198,835,396	6,772,611	27,599	0	279,725,629	279,725,629	1,491,539,571	78,305,827	1,569,845,398	1,290,119,769	17.8%
2028	7.50%	1,000	111,251,126	81,367,460	185,906,658	6,711,928	0	0	301,638,266	301,638,266	1,496,789,367	78,581,442	1,575,370,809	1,273,732,543	19.1%
2029	7.50%	1,000	120,001,240	58,164,646	171,430,334	6,735,552	0	0	325,080,196	325,080,196	1,524,103,772	80,015,448	1,604,119,220	1,279,039,024	20.3%
2030	7.50%	1,000	129,296,510	34,966,744	157,404,787	6,858,467	0	0	350,387,327	350,387,327	1,575,249,366	82,700,592	1,657,949,958	1,307,562,631	21.1%
2031	7.50%	1,000	139,361,114	15,547,926	147,820,418	7,088,622	0	0	377,870,886	377,870,886	1,648,120,181	86,526,310	1,734,646,491	1,356,775,604	21.8%
2032	7.50%	1,000	150,339,142	0	142,077,327	7,416,541	31,698	876,972	407,206,757	408,083,729	1,740,700,523	91,386,777	1,832,087,300	1,424,003,572	22.3%
2033	7.50%	1,000	161,957,408	0	140,564,867	7,833,152	574,250	15,010,611	439,085,492	454,096,103	1,850,980,375	97,176,470	1,948,156,845	1,494,060,742	23.3%
2034	7.50%	1,000	174,677,733	0	142,511,809	8,329,412	2,019,665	40,866,788	473,281,369	514,148,157	1,977,237,099	103,804,948	2,081,042,047	1,566,893,889	24.7%
2035	7.50%	1,000	188,255,807	0	147,262,072	8,897,567	4,268,615	77,231,571	510,260,893	587,492,464	2,118,637,950	111,228,492	2,229,866,442	1,642,373,979	26.3%
2036	7.50%	1,000	202,986,515	0	153,958,410	9,533,871	7,273,402	123,999,207	550,015,934	674,015,141	2,275,026,018	119,438,866	2,394,464,884	1,720,449,743	28.1%

[1] *Cash flows for 2011 are based on a nine month period.*
[2] *Additional contributions in the amount of $291,602,733 are needed over the years 2027 through 2031 to maintain solvency.*

Exhibit VI
Continuing Business Model – Current Year Assumptions – New Contract Sales of 500 Per Year

Open Group Projections (Continuing Business Scenario)
Projection Based on Data as of March 31, 2011
Assumptions Based on Those Used in Actuarial Valuation as of March 31, 2011
7.50% Assumed Net Investment Return
500 New Contracts Per Year

			Assets								Liabilities				
Year Ending 3/31	Assumed Net Rate of Return	Annual New Contracts	Contributions	Additional Required Solvency Contributions[2]	Tuition Payments and Fees	Administrative Expenses	Net Investment Return	Market Value of Assets (EOY)	Total Present Value of Future Contributions	Total Fund Assets (MVA + PVFC)	Total Present Value of Future Benefits	Present Value of Future Admin Expenses	Total Present Value of Future Benefits, Fees, and Expenses	Unfunded Liability	Funded Ratio
2011[1]			56,901,797	0	62,290,779	5,918,918	145,024,864	1,120,006,463	171,208,831	1,291,215,294	1,767,374,599	88,368,730	1,855,743,329	564,528,035	69.6%
2012	7.50%	500	68,627,283	0	130,117,294	7,953,186	81,396,365	1,131,959,631	130,398,428	1,262,358,059	1,777,967,310	88,898,366	1,866,865,676	604,507,616	67.6%
2013	7.50%	500	44,357,321	0	131,554,967	8,000,853	81,327,029	1,118,088,161	112,999,925	1,231,088,086	1,788,811,731	89,440,587	1,878,252,318	647,164,231	65.5%
2014	7.50%	500	39,413,721	0	138,406,351	8,049,653	79,842,526	1,090,888,404	100,904,087	1,191,792,491	1,794,427,078	89,721,354	1,884,148,432	692,355,941	63.3%
2015	7.50%	500	35,399,391	0	141,949,268	8,074,922	77,518,200	1,053,781,805	93,668,892	1,147,450,697	1,797,946,027	89,897,301	1,887,843,328	740,392,632	60.8%
2016	7.50%	500	33,474,006	0	159,704,572	8,090,757	73,996,586	993,457,068	89,580,830	1,083,037,898	1,784,544,997	89,227,250	1,873,772,247	790,734,349	57.8%
2017	7.50%	500	33,440,402	0	179,343,623	8,030,452	68,736,767	908,260,162	87,077,916	995,338,078	1,751,130,884	87,556,544	1,838,687,428	843,349,350	54.1%
2018	7.50%	500	33,688,674	0	194,883,912	7,880,089	61,779,187	800,964,022	86,074,247	887,038,269	1,700,522,730	85,026,137	1,785,548,867	898,510,597	49.7%
2019	7.50%	500	33,564,105	0	204,366,033	7,652,352	53,380,266	675,890,008	87,332,682	763,222,690	1,637,915,588	81,895,779	1,719,811,367	956,588,678	44.4%
2020	7.50%	500	33,938,809	0	210,399,260	7,370,620	43,798,085	535,857,022	90,542,363	626,399,385	1,566,017,413	78,300,871	1,644,318,284	1,017,918,898	38.1%
2021	7.50%	500	35,538,623	0	215,258,418	7,047,078	33,185,519	382,275,668	94,808,119	477,083,787	1,485,519,580	74,275,979	1,559,795,559	1,082,711,772	30.6%
2022	7.50%	500	38,160,748	0	216,352,704	6,684,838	21,737,795	219,136,669	99,371,647	318,508,316	1,399,850,753	69,992,538	1,469,843,291	1,151,334,975	21.7%
2023	7.50%	500	40,329,854	0	216,115,075	6,299,328	9,607,080	46,659,200	104,979,158	151,638,358	1,310,193,926	65,509,696	1,375,703,622	1,224,065,264	11.0%
2024	7.50%	500	42,427,959	127,908,471	212,786,234	5,895,873	1,686,477	0	111,870,375	111,870,375	1,219,523,711	60,976,186	1,280,499,897	1,168,629,522	8.7%
2025	7.50%	500	44,709,104	167,099,097	206,320,344	5,487,857	0	0	120,262,761	120,262,761	1,131,250,962	56,562,548	1,187,813,510	1,067,550,749	10.1%
2026	7.50%	500	47,779,148	152,078,182	194,766,701	5,090,629	0	0	129,780,184	129,780,184	1,051,081,444	52,554,072	1,103,635,516	973,855,332	11.8%
2027	7.50%	500	51,634,027	132,834,981	179,739,142	4,729,866	0	0	139,901,709	139,901,709	983,383,484	49,169,174	1,032,552,658	892,650,949	13.5%
2028	7.50%	500	55,654,136	111,843,434	163,072,344	4,425,226	0	0	150,811,057	150,811,057	931,023,214	46,551,161	977,574,375	826,763,317	15.4%
2029	7.50%	500	59,989,375	88,287,541	144,087,312	4,189,604	0	0	162,513,207	162,513,207	897,758,704	44,887,935	942,646,639	780,133,433	17.2%
2030	7.50%	500	64,628,696	63,803,828	124,392,610	4,039,914	0	0	175,248,535	175,248,535	886,125,238	44,306,262	930,431,500	755,182,965	18.8%
2031	7.50%	500	69,719,689	42,604,303	108,336,428	3,987,564	0	0	188,903,530	188,903,530	894,172,683	44,708,634	938,881,317	749,977,787	20.1%
2032	7.50%	500	75,142,811	25,068,186	96,187,220	4,023,777	0	0	203,652,346	203,652,346	919,655,569	45,982,778	965,638,347	761,986,001	21.1%
2033	7.50%	500	81,012,428	11,464,032	88,338,010	4,138,450	0	0	219,524,315	219,524,315	959,722,962	47,986,148	1,007,709,110	788,184,795	21.8%
2034	7.50%	500	87,318,930	1,108,501	84,108,678	4,318,753	0	0	236,550,089	236,550,089	1,012,008,232	50,600,412	1,062,608,644	826,058,555	22.3%
2035	7.50%	500	94,070,941	0	82,777,241	4,554,037	252,737	6,992,400	255,049,494	262,041,894	1,074,936,388	53,746,819	1,128,683,207	866,641,314	23.2%
2036	7.50%	500	101,458,240	0	83,364,109	4,837,214	1,021,564	21,270,881	275,095,916	296,366,797	1,147,776,478	57,388,824	1,205,165,302	908,798,505	24.6%

[1] *Cash flows for 2011 are based on a nine month period.*

[2] *Additional contributions in the amount of $924,100,556 are needed over the years 2024 through 2034 to maintain solvency.*

Exhibit VII
Closed Group Business Model (Run Off Scenario) – Current Year Assumptions

Closed Group Projections (No New Contracts)
Projection Based on Data as of March 31, 2011
Assumptions Based on Those Used in Actuarial Valuation as of March 31, 2011
7.50% Assumed Net Investment Return
0 New Contracts Per Year

			Assets								Liabilities				
Year Ending 3/31	Assumed Net Rate of Return	Annual New Contracts	Contributions	Additional Required Solvency Contributions[2]	Tuition Payments and Fees	Administrative Expenses	Net Investment Return	Market Value of Assets (EOY)	Total Present Value of Future Contributions	Total Fund Assets (MVA + PVFC)	Total Present Value of Future Benefits	Present Value of Future Admin Expenses	Total Present Value of Future Benefits, Fees, and Expenses	Unfunded Liability	Funded Ratio
2011[1]			56,901,797	0	62,290,779	5,918,918	145,024,864	1,120,006,463	171,208,831	1,291,215,294	1,767,374,599	83,745,799	1,851,120,398	559,905,103	69.8%
2012	7.50%	0	68,627,283	0	130,117,294	6,908,000	81,435,559	1,133,044,011	112,895,213	1,245,939,224	1,764,964,118	82,864,367	1,847,828,485	601,889,261	67.4%
2013	7.50%	0	33,262,199	0	131,549,617	7,149,780	81,024,406	1,108,631,219	86,875,372	1,195,506,591	1,760,849,105	81,666,144	1,842,515,249	647,008,659	64.9%
2014	7.50%	0	26,049,155	0	138,244,809	7,400,022	78,662,504	1,067,698,047	66,382,686	1,134,080,733	1,749,443,544	80,118,599	1,829,562,143	695,481,410	62.0%
2015	7.50%	0	19,574,254	0	141,603,809	7,659,023	75,214,032	1,013,223,501	51,066,369	1,064,289,870	1,733,662,272	78,186,450	1,811,848,722	747,558,852	58.7%
2016	7.50%	0	15,005,420	0	158,907,774	7,927,089	70,298,158	931,692,216	39,338,395	971,030,611	1,698,723,602	75,831,453	1,774,555,055	803,524,443	54.7%
2017	7.50%	0	12,159,312	0	178,001,259	8,204,537	63,350,173	820,995,905	29,681,732	850,677,637	1,641,343,168	73,012,167	1,714,355,335	863,677,697	49.6%
2018	7.50%	0	10,091,846	0	192,855,266	8,491,696	54,402,626	684,143,415	21,444,414	705,587,829	1,564,239,124	69,683,702	1,633,922,826	928,334,997	43.2%
2019	7.50%	0	7,510,330	0	201,408,774	8,788,905	43,709,981	525,166,047	15,265,869	540,431,916	1,472,472,802	65,797,448	1,538,270,250	997,838,335	35.1%
2020	7.50%	0	5,175,229	0	206,391,935	9,096,517	31,500,708	346,353,532	11,045,018	357,398,550	1,368,650,942	61,300,788	1,429,951,730	1,072,553,180	25.0%
2021	7.50%	0	3,940,381	0	209,943,972	9,414,895	17,898,322	148,833,368	7,787,920	156,621,288	1,253,355,041	56,136,776	1,309,491,817	1,152,870,529	12.0%
2022	7.50%	0	3,483,293	61,364,555	209,658,636	9,402,099	5,379,519	0	4,760,460	4,760,460	1,129,708,158	50,598,730	1,180,306,888	1,175,546,429	0.4%
2023	7.50%	0	2,745,848	214,199,111	207,633,669	9,311,290	0	0	2,270,538	2,270,538	998,889,894	44,739,484	1,043,629,378	1,041,358,840	0.2%
2024	7.50%	0	1,680,196	209,552,836	202,166,898	9,066,134	0	0	698,764	698,764	863,935,365	38,694,978	902,630,343	901,931,579	0.1%
2025	7.50%	0	640,658	201,191,044	193,169,074	8,662,628	0	0	86,922	86,922	728,199,968	32,615,498	760,815,466	760,728,543	0.0%
2026	7.50%	0	90,123	186,768,052	178,838,212	8,019,963	0	0	0	0	597,161,412	26,746,385	623,907,797	623,907,797	0.0%
2027	7.50%	0	0	167,847,466	160,643,443	7,204,023	0	0	0	0	475,183,118	21,283,074	496,466,192	496,466,192	0.0%
2028	7.50%	0	0	146,526,752	140,237,816	6,288,936	0	0	0	0	365,239,716	16,358,796	381,598,512	381,598,512	0.0%
2029	7.50%	0	0	121,980,889	116,745,462	5,235,427	0	0	0	0	271,438,183	12,157,500	283,595,683	283,595,683	0.0%
2030	7.50%	0	0	95,477,602	91,379,698	4,097,904	0	0	0	0	196,933,962	8,820,516	205,754,478	205,754,478	0.0%
2031	7.50%	0	0	71,939,480	68,851,833	3,087,647	0	0	0	0	140,228,303	6,280,714	146,509,017	146,509,017	0.0%
2032	7.50%	0	0	52,553,244	50,297,656	2,255,588	0	0	0	0	98,530,978	4,413,124	102,944,102	102,944,102	0.0%
2033	7.50%	0	0	37,734,505	36,114,938	1,619,567	0	0	0	0	68,429,560	3,064,906	71,494,466	71,494,466	0.0%
2034	7.50%	0	0	26,857,799	25,705,061	1,152,738	0	0	0	0	46,877,122	2,099,589	48,976,711	48,976,711	0.0%
2035	7.50%	0	0	19,111,594	18,291,323	820,271	0	0	0	0	31,404,520	1,406,583	32,811,103	32,811,103	0.0%
2036	7.50%	0	0	13,339,146	12,766,629	572,517	0	0	0	0	20,506,706	918,479	21,425,185	21,425,185	0.0%

[1] *Cash flows for 2011 are based on a nine month period.*
[2] *Additional contributions in the amount of $1,626,444,075 are needed over the years 2022 through 2036 to maintain solvency.*

Exhibit VIII
Sensitivity Testing Results

The actuarial assumptions regarding future increases in tuition costs and fees and the future rate of investment return were prescribed to us by the ISAC. In our opinion, the assumptions prescribed to us are reasonable for the purpose of the measurement. However, no one really knows what the future holds with respect to economic and other contingencies. For example, while it is assumed that the assets of the fund will earn 7.5 percent each year throughout the life of the contracts, actual returns are expected to vary from year to year. Therefore, we have projected CIPTP results under alternative assumptions for future investment income, tuition increases, and fee increases.

1. Tuition increases are 100 basis points higher/lower in each future year than assumed in the baseline valuation (measurement of soundness).
2. Fee increases are 100 basis points higher/lower in each future year than assumed in the baseline valuation (measurement of soundness).
3. The investment return is 50 basis points higher/lower in each future year than assumed in the baseline valuation (measurement of soundness).

The impact of each of these scenarios on the principal valuation results is presented on the following page.

Exhibit VIII
Sensitivity Testing Results (Continued)

$ in Millions

	Current Valuation Assumptions	Assumed Tuition Increases +100 Basis Points	Assumed Tuition Increases -100 Basis Points	Assumed Fee Increases +100 Basis Points	Assumed Fee Increases -100 Basis Points	Assumed Investment Return +50 Basis Points	Assumed Investment Return -50 Basis Points
1 Assets							
a. Market Value of Assets (in Trust)	$1,120.0	$1,120.0	$1,120.0	$1,120.0	$1,120.0	$1,120.0	$1,120.0
b. PV Future Member Contributions	171.2	171.2	171.2	171.2	171.2	169.3	173.2
c. Unrecognized Gains and (Losses)	-56.8	-56.8	-56.8	-56.8	-56.8	-56.8	-56.8
d. Total Actuarial Value of Assets (AVA)	$1,348.0	$1,348.0	$1,348.0	$1,348.0	$1,348.0	$1,346.1	$1,350.0
2 Actuarial Results							
Liabilities							
a. Not yet Matriculating - Tuition and Fees	$1,595.5	$1,682.1	$1,516.5	$1,625.4	$1,568.3	$1,532.2	$1,662.6
b. Matriculating - Tuition and Fees	171.9	172.0	171.8	172.2	171.6	171.0	172.9
c. Present Value of Future Administrative Expenses	83.7	83.7	83.7	83.7	83.7	78.0	90.2
d. Total	$1,851.1	$1,937.8	$1,772.0	$1,881.3	$1,823.6	$1,781.2	$1,925.7
Unfunded Liability (Based on AVA)	$503.1	$589.8	$424.0	$533.3	$475.6	$435.1	$575.7
Funded Ratio							
Market Value of Assets	69.8%	66.6%	72.9%	68.6%	70.8%	72.4%	67.2%
Actuarial Value of Assets	72.8%	69.6%	76.1%	71.7%	73.9%	75.6%	70.1%
Difference From Current Assumptions							
Unfunded Liability (Based on AVA)	$0.0	$86.7	-$79.1	$30.2	-$27.5	-$68.0	$72.6
Funded Ratio (Based on AVA)	0.0%	-3.2%	3.3%	-1.1%	1.1%	2.8%	-2.7%

SECTION C

FUND ASSETS

STATEMENT OF PLAN ASSETS
(ASSETS AT MARKET OR FAIR VALUE)

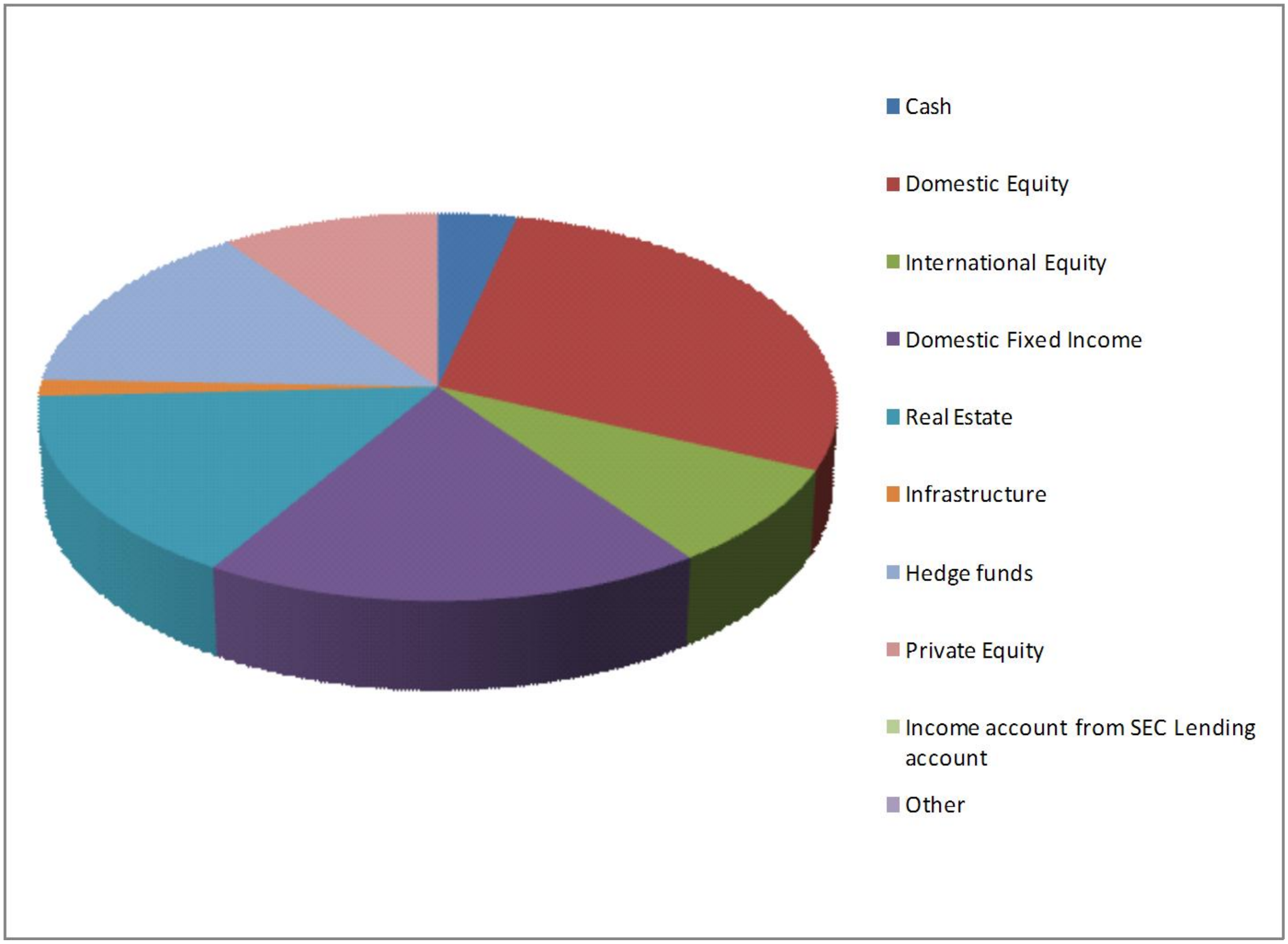
College Illinois!® Prepaid Tuition Program

Statement of Plan Net Assets

Year ended March 31, 2011

Cash	$	39,745,826
Investments		
Domestic Equity	$	317,014,472
International Equity		92,925,020
Domestic Fixed Income		206,570,219
Real Estate		175,196,333
Infrastructure		15,228,258
Hedge funds		164,256,841
Private Equity		108,901,350
Total Investments	$	1,080,092,493
Income account from SEC Lending account	$	112,094
Other		194,859
Total Assets	$	1,120,145,272

ALLOCATION OF ASSETS AT MARCH 31, 2011



RECONCILIATION OF PLAN ASSETS

College Illinois!® Prepaid Tuition Program

Statement of Changes in Plan Net Assets

Nine Month Period ended March 31, 2011

Beginning of Period		7/1/2010
End of Period		3/31/2011
Additions:		
Net contributions received	$	56,901,797
Gross investment income		15,585,560
Realized/Unrealized investment gains/(losses)		131,889,990
Total Additions	$	204,377,347
Deductions:		
Tuition payments	$	62,290,779
Investment expenses & advisory fees		2,450,686
Administrative expenses		5,918,918
Total Deductions	$	70,660,383
Net increase	$	133,716,964
Market Value of Assets:		
Beginning of period (7/1/2010)	$	986,428,308
End of period (3/31/2011)	$	1,120,145,272
Present Value of Future Contributions by Current Contract Holders		171,208,831
Value of Total Fund Assets	$	1,291,354,103

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

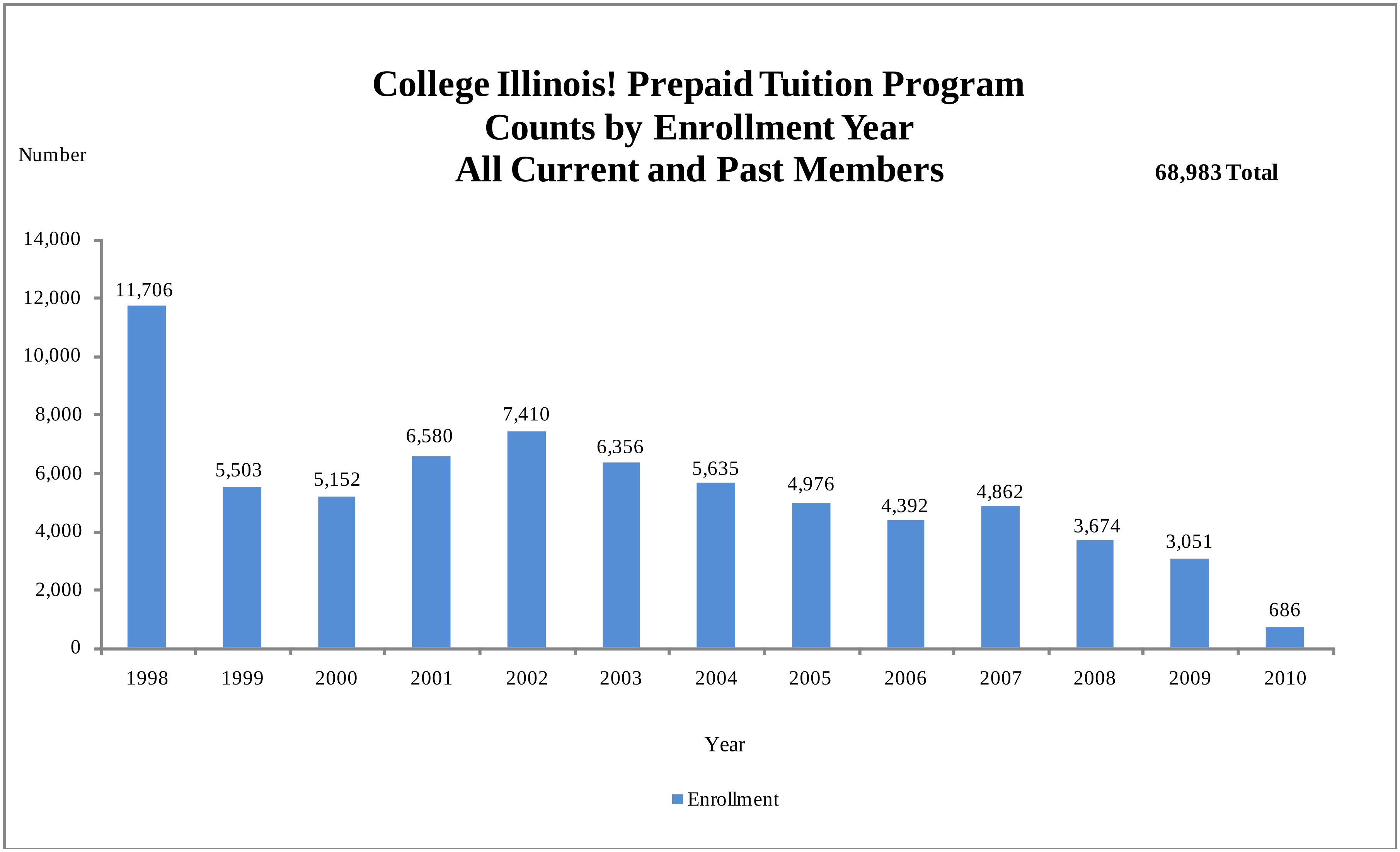
Year Ending March 31	2011	2012	2013	2014	2015
Beginning of Year:					
(1) Market Value of Assets	$ 986,428,308				
(2) Adjustment to the Market Value of Assets	(138,809)				
(3) Revised Market Value of Assets	986,289,499				
(4) Actuarial Value of Assets	1,176,824,932				
End of Year:					
(5) Market Value of Assets	1,120,006,463				
(6) Contributions and Disbursements					
(6a) Actual Contributions	56,901,797				
(6b) Tuition Payments	(62,290,779)				
(6c) Administrative Expenses	(5,918,918)				
(6d) Net of Contributions and Disbursements	(11,307,900)				
(7) Total Investment Income					
=(5)-(3)-(6d)	145,024,864				
(8) Projected Rate of Return	8.40%				
(9) Projected Investment Income*					
=(3)x([1+(8)]^.75-1)+([1+(8)]^.375-1)x(6d)	61,158,368				
(10) Investment Income in					
Excess of Projected Income	83,866,496				
(11) Excess Investment Income Recognized					
This Year (5-year recognition)					
(11a) From This Year	16,773,299				
(11b) From One Year Ago	1,300,844	$ 16,773,299			
(11c) From Two Years Ago	(47,400,000)	1,300,844	$ 16,773,299		
(11d) From Three Years Ago	(33,000,000)	(47,400,000)	1,300,844	$ 16,773,299	
(11e) From Four Years Ago	12,600,000	(33,000,000)	(47,400,000)	1,300,844	$ 16,773,300
(11f) Total Recognized Investment Gain	(49,725,857)	(62,325,857)	(29,325,857)	18,074,143	16,773,300
(12) Change in Actuarial Value of Assets					
=(2)+(6d)+(9)+(11f)	(14,198)				
End of Year:					
(5) Market Value of Assets	**1,120,006,463**				
(13) Actuarial Value of Assets					
=(4)+(12)	**1,176,810,734**				
(14) Present Value of Future Expected Payments	171,208,831				
(15) Final Actuarial Value of Assets = (13) + (14)	**1,348,019,565**				

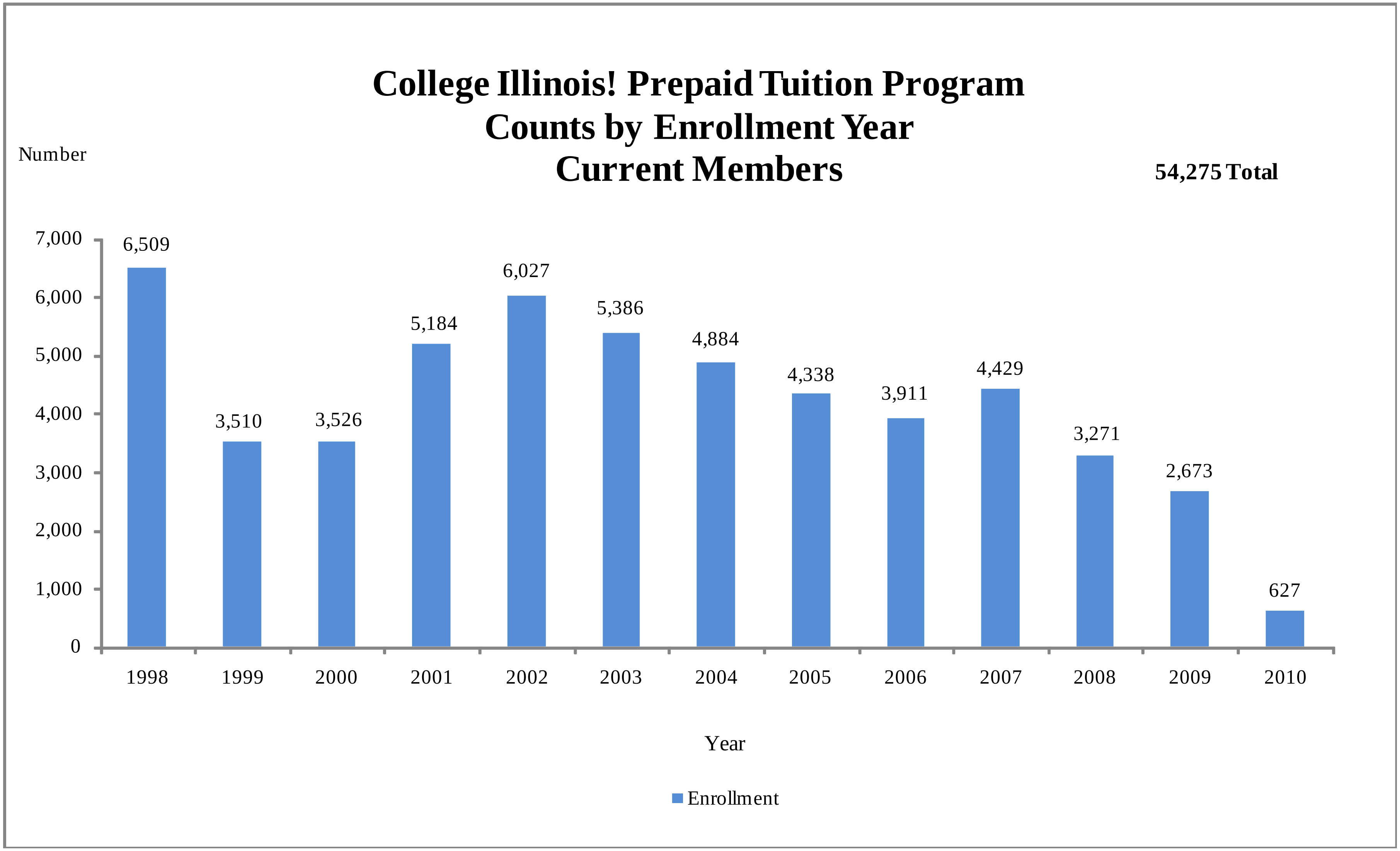
*Adjusted for nine month calculation period.

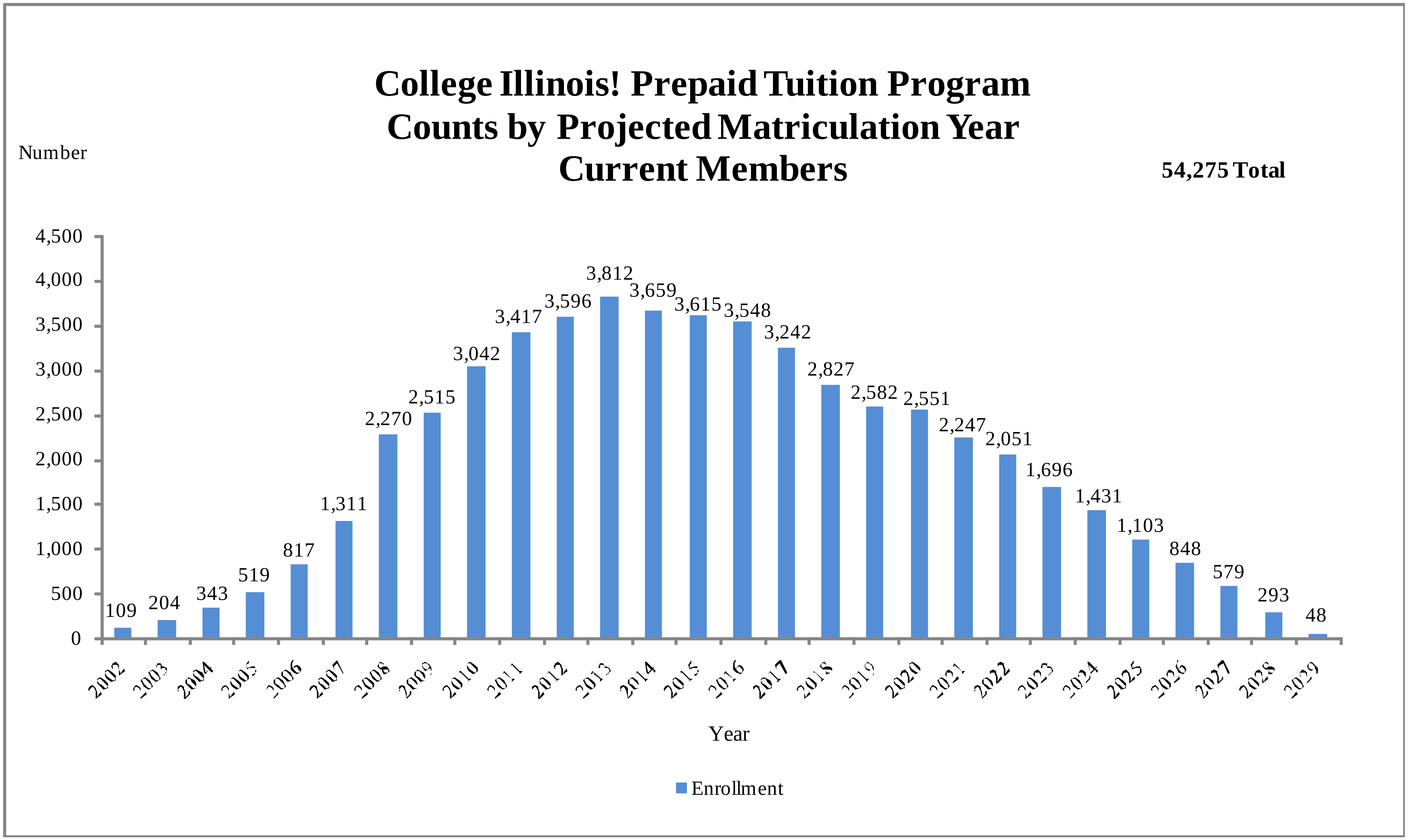
The Actuarial Value of Assets recognizes assumed investment return (line 9) fully each year. Differences between actual and assumed investment income (Line 10) are phased-in over a closed 5-year period. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Actuarial Value of Assets will tend to be greater than Market Value. If assumed rates are exactly realized for 4 consecutive years, Actuarial Value of Assets will become equal to Market Value.

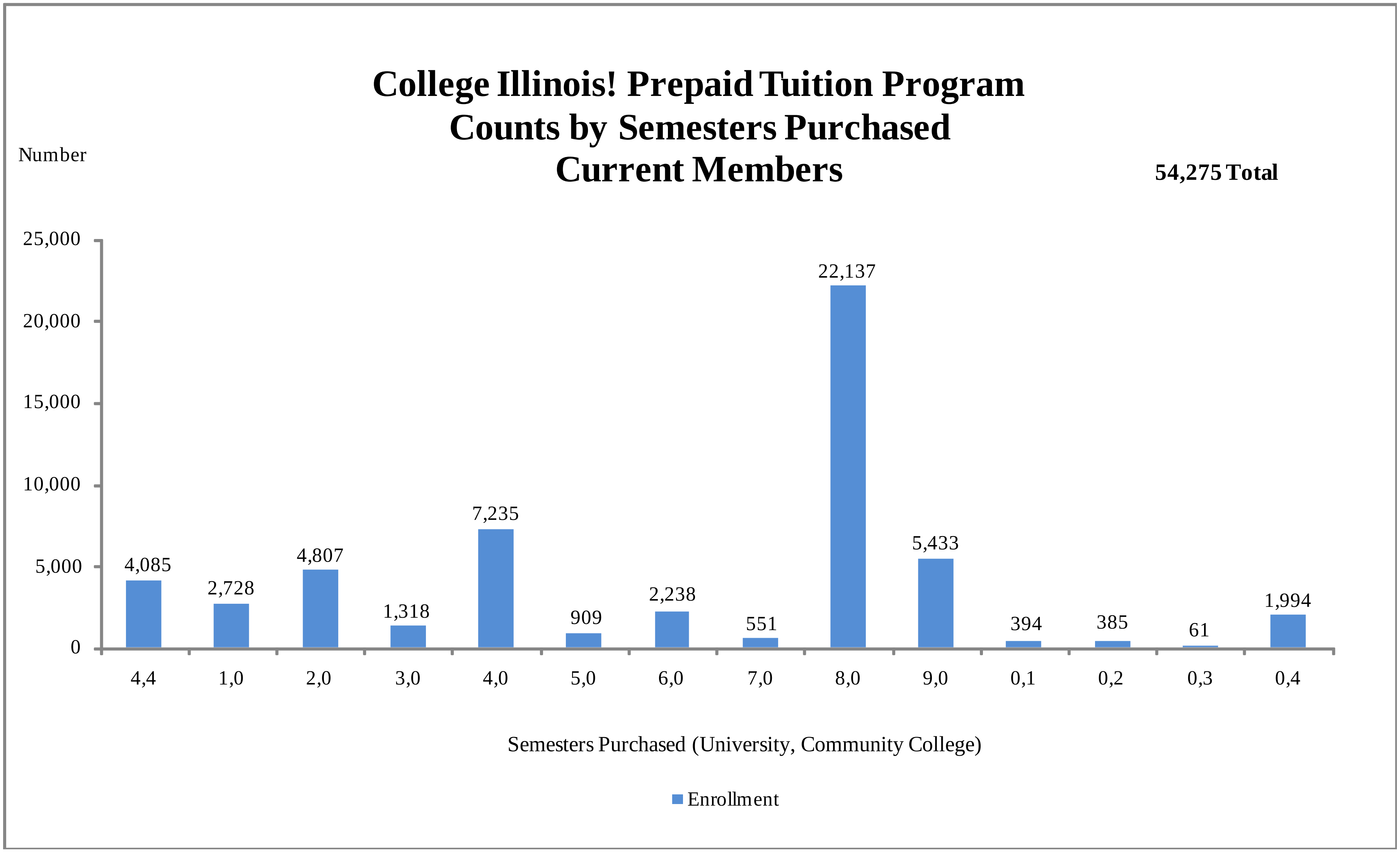
SECTION D

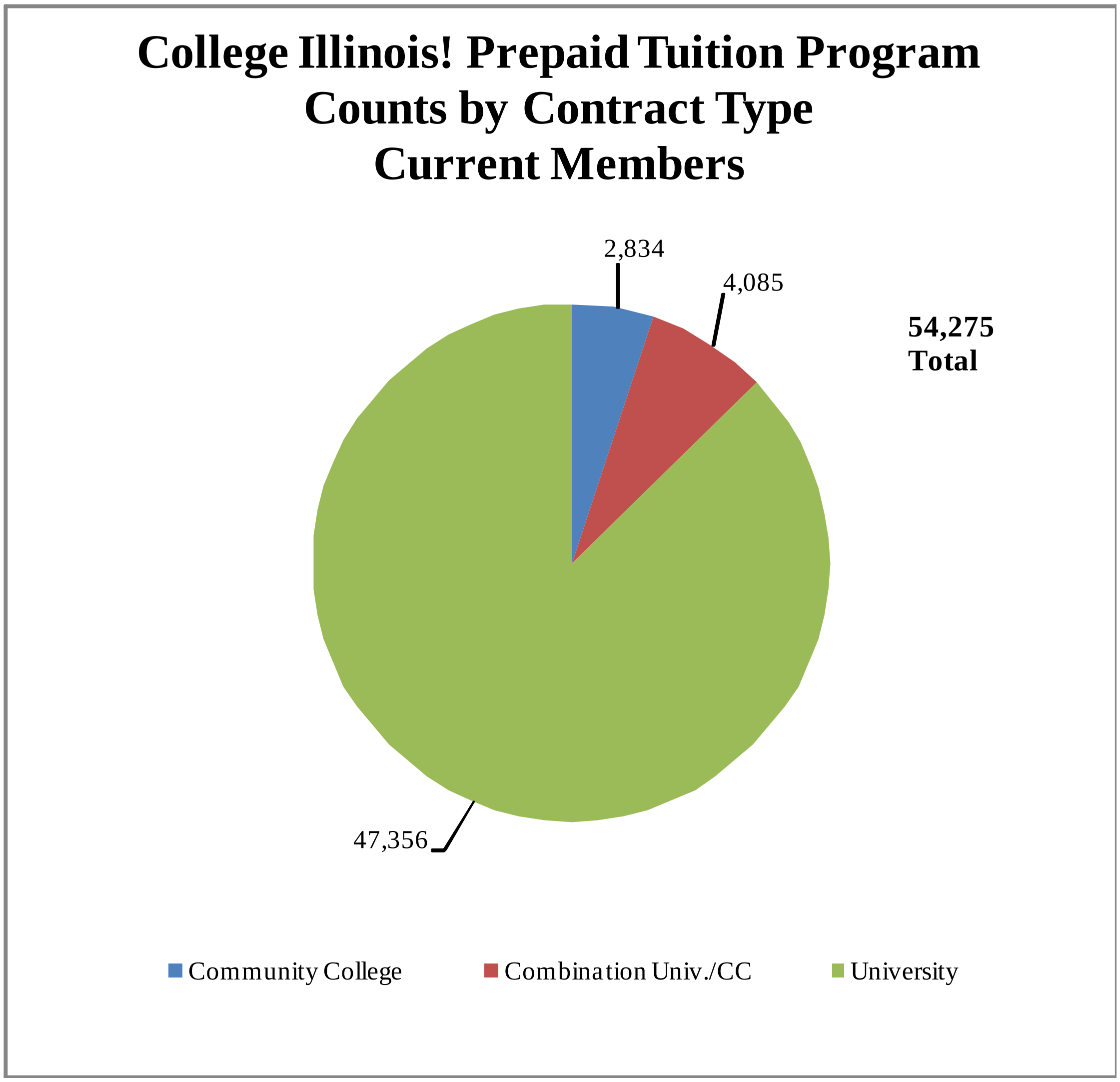
PARTICIPANT DATA

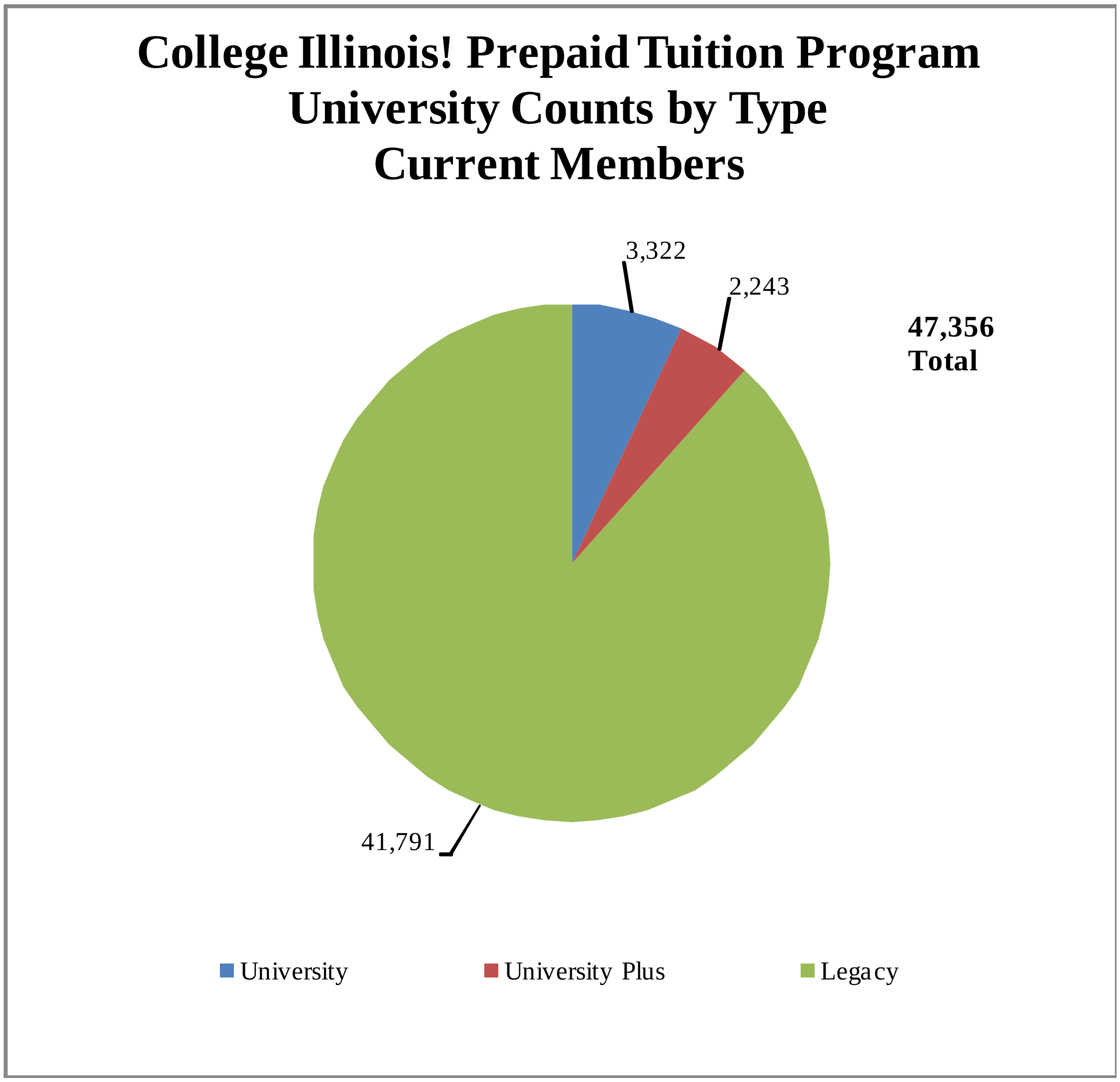

College Illinois! Prepaid Tuition Program
Counts by Enrollment Year
All Current and Past Members
68,983 Total
Number
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
11,706
5,503
5,152
6,580
7,410
6,356
5,635
4,976
4,392
4,862
3,674
3,051
686
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
Year
Enrollment


College Illinois! Prepaid Tuition Program
Counts by Enrollment Year
Current Members
54,275 Total
Number
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
6,509
3,510
3,526
5,184
6,027
5,386
4,884
4,338
3,911
4,429
3,271
2,673
627
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
Year
Enrollment


College Illinois! Prepaid Tuition Program
Counts by Projected Matriculation Year
Current Members
54,275 Total
Number
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
109
204
343
519
817
1,311
2,270
2,515
3,042
3,417
3,596
3,812
3,659
3,615
3,548
3,242
2,827
2,582
2,551
2,247
2,051
1,696
1,431
1,103
848
579
293
48
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
Year
Enrollment


College Illinois! Prepaid Tuition Program
Counts by Semesters Purchased
Current Members
54,275 Total
Number
25,000
20,000
15,000
10,000
5,000
0
4,085
2,728
4,807
1,318
7,235
909
2,238
551
22,137
5,433
394
385
61
1,994
4,4
1,0
2,0
3,0
4,0
5,0
6,0
7,0
8,0
9,0
0,1
0,2
0,3
0,4
Semesters Purchased (University, Community College)
Enrollment


College Illinois! Prepaid Tuition Program
Counts by Contract Type
Current Members
2,834
4,085
54,275
Total
47,356
Community College
Combination Univ./CC
University


College Illinois! Prepaid Tuition Program
University Counts by Type
Current Members
3,322
2,243
47,356
Total
41,791
University
University Plus
Legacy

SECTION E

METHODS & ASSUMPTIONS

VALUATION METHODS

Actuarial Value of Assets **-** The Actuarial Value of Assets recognize assumed investment income fully each year. Differences between actual and assumed investment return are phased in over a closed 5-year period. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Actuarial Value of Assets will tend to be greater than Market Value.

VALUATION ASSUMPTIONS

The actuarial assumptions used in the valuation are shown in this Section.

Measurement Date March 31, 2011

The net investment return rate 7.50 percent per annum, compounded annually

Weighted Average Tuition and Increases by Contract Type

	Contract Type			
	Legacy	University	University Plus	Community College
2011-2012 Tuition WAT	$ 9,956	$ 9,022	$ 13,092	$ 2,985
2011-2012 Fee	$ 2,995	$ 2,941	$ 3,172	$ 412
2011-2012 Total WAT	$ 12,951	$ 11,963	$ 16,264	$ 3,397
Tuition/Fee Increase Assumption	8.00%	7.50%	8.50%	6.50%

For continuing students at public universities and students attending community colleges, fees are combined with tuition in our projections and follow their respective tuition inflation assumptions.

These assumptions were chosen by the Board and consider historical Illinois public tuition and fee inflation, typically over a 20-year horizon, as well as current economic and political conditions. The "University Plus" contract has separate assumptions due to the belief that UIUC has more pricing power than other Illinois public universities.

	Contract Type			
	Legacy	University	University Plus	Community College
2011-2012 Total Tuition/Fee WAT	$ 12,951	$ 11,963	$ 16,264	$ 3,397
2010-2011 Total Tuition/Fee WAT	$ 12,322	$ 11,441	$ 15,322	$ 3,307
WAT Increase	5.10%	4.56%	6.15%	2.72%
Tuition/Fee Increase Assumption	8.00%	7.50%	8.50%	6.50%

Truth in Tuition

We have segregated the beneficiaries into two categories, those beneficiaries that fall under the Truth in Tuition law and those that do not. It was assumed that if the beneficiary has enrolled in school prior

to the fall of 2004, they would not be covered under the Truth in Tuition law. Furthermore, the Truth in Tuition law does not apply to community colleges.

For Truth in Tuition beneficiaries, it was assumed that their tuition will not increase in their second, third and fourth year of school. If they attend school beyond four years, it was assumed that their tuition would increase to the amount of an incoming freshman. For all other beneficiaries, it was assumed that tuition will rise for each year enrolled. It was assumed fees will rise for each year enrolled.

Administrative Expenses

Administrative expenses of the Program are assumed to be paid through a combination of investment earnings and fees assessed on purchasers. For purposes of the closed group projections, marketing expenses were excluded as it is assumed those costs should be applicable only to future contracts. It was assumed that the present value of future administrative expenses will be equal to a fixed percentage (which varies based on the projection scenario) of the present value of future benefits. These percentages were 5.0 percent for the closed group run off scenario, 6.0 percent for the continuing business model using the prior year assumptions, 5.5 percent for the continuing business model using the current year assumptions and 2,500 new contract sales per year, 5.0 percent for the continuing business model using the current year assumptions and 500 new contract sales per year and 4.0 percent for the closed group liquidation scenario.

Bias Load

"Legacy" contract beneficiaries were assumed on average to attend more expensive schools than indicated by the headcount information that was used to determine the 2011-2012 WAT. A load of 4.6 percent was added to the tuition assumption to recognize this bias toward enrollment at more expensive schools. No bias load was applied to the "University" and "University Plus" beneficiaries due to the separation of UIUC which historically has been the significant driver behind the need for the bias load.

Future Contract Sales

It is assumed that 2,500 contracts will be sold during the 2011-2012 and each future enrollment period.

Mortality and disability

No assumption is made for death or disability. Valuing the rate of incidence is expected to be immaterial.

Future Beneficiary Profile

The characteristics of future beneficiaries are assumed to be the same as the characteristics of 2010 new beneficiaries.

The rates of enrollment

These rates are used to measure the probability of eligible members matriculating during the next year.

Matriculating Probability Rates for Qualified Beneficiaries											
Actual Matriculation	Years Past Expected Matriculation										
(Expected Mat Yr Plus Below)	0	1	2	3	4	5	6	7	8	9	10+
0	69.5%										
1	11.5%	37.7%									
2	8.0%	26.2%	42.1%								
3	3.8%	12.3%	19.7%	34.1%							
4	1.8%	5.7%	9.2%	15.9%	24.1%						
5	1.1%	3.6%	5.8%	10.0%	15.2%	20.0%					
6	1.0%	3.3%	5.3%	9.1%	13.8%	18.2%	22.7%				
7	0.9%	2.8%	4.5%	7.7%	11.7%	15.5%	19.3%	25.0%			
8	0.9%	2.8%	4.5%	7.7%	11.7%	15.5%	19.3%	25.0%	33.3%		
9	0.9%	2.8%	4.5%	7.7%	11.7%	15.5%	19.3%	25.0%	33.3%	50.0%	
10	0.9%	2.8%	4.5%	7.7%	11.7%	15.5%	19.3%	25.0%	33.3%	50.0%	100.0%

Rates of separation from active membership

It was assumed that 12.5 percent of contracts sold will not be utilized. This assumption was based on the historical cancellations of the Program. In the event of a cancellation, it was assumed that a refund will be paid equivalent to the 2010-2011 “Legacy” / “University” / “University Plus” WAT increased by 2 percent for each subsequent year.

Utilization of benefits

Once they start matriculating, beneficiaries are assumed to use the benefits as described by the CIPTP Master Agreement according to the schedule below.

Distribution of Benefit Utilization					
Number of Years	Number of Semesters Purchased				
Since Matriculation	1-2	3-4	5-6	7-8	9
1	80%	45%	33%	24%	20%
2	15%	30%	25%	24%	19%
3	5%	15%	18%	20%	17%
4		5%	12%	18%	15%
5		5%	7%	7%	13%
6			3%	3%	7%
7			2%	2%	5%
8				1%	3%
9				1%	1%

Once a member has matriculated, it is assumed that beneficiaries will utilize 30 credits per year until benefits are fully depleted.

SECTION F

PLAN PROVISIONS

PLAN PROVISIONS

A. Type of Contract

Two types of contract are available for purchase: public university or community college.

In the event that a public university contract is converted for usage at a community college, then the amount refunded shall be on a semester-by-semester basis. The refund should be the current value of the original contract minus the current value of the contract after conversion.

B. Benefit

Covered benefits include tuition and mandatory fees at an Illinois public university or community college based on the in-state or in-district undergraduate rate for a full-time student.

Mandatory fees are fees that are required upon enrollment for all students attending the particular institution.

The benefit does not include any optional fees, expenses or cost of supplies.

Benefit shall never be less than payment amount.

C. Member Contributions

Optional forms of benefit payment are available as follows:

- Lump Sum
- Monthly installments with terms of 60 months/ 120 months/ 180 months
- Annual installments with terms of 5 years/ 10 years/ 15years
- Down payment options are available for installment plans.

D. Private or Out-of-State Institutions

For beneficiaries attending private or out-of-state institution, the plan will pay an amount based upon the weighted average tuition and mandatory fees at Illinois public universities or community colleges depending on the type of contract purchased.

Alternatively benefits can be transferred to a member of the family or a purchaser can choose to receive a refund payment equal to all contributions, plus two percent interest, less applicable cancellation fees.

E. Scholarship

If a qualified beneficiary is awarded a grant or scholarship that duplicates the benefits covered by a prepaid tuition contract, the purchaser may request a refund in semester installments.

Illinois public university or community college - the installments will be in an amount equal to the current cost of in-state or in-district registration fees at that institution, less any benefits used to pay registration fees not covered by the scholarship and any applicable fees.

Illinois Private Institution or an eligible Out-of-State Institution - the installments will be in an amount equal to the current average mean-weighted credit hour value of registration fees at Illinois public universities or Illinois community colleges, depending on the type of the purchased contract, less any benefits used to pay registration fees not covered by the scholarship and any applicable fees.

F. Not Attending an Institution of Higher Education

Benefits can be transferred to a member of the "family" as defined in Section 529 of the Internal Revenue Code.

Purchasers can also choose to postpone the beneficiary's use of contract benefits to a later time or receive a refund payment equal to all contributions, plus two percent interest, less applicable cancellation fees.

G. Death/Disability of Qualified Beneficiary

Refunds equal to amount paid with all accrued earnings will be made to purchaser.

H. Changes from Previous Valuation

None

I. Other Ancillary Benefits

There are no ancillary benefits.